

MAYER, BROWN & PLATT

231 SOUTH LA SALLE STREET

CHICAGO, ILLINOIS 60604

WASHINGTON  
LONDON  
NEW YORK  
DENVER  
HOUSTON

RECORDATION NO. 14208 Filed 1425

312-782-0600  
TELEX 253760  
CABLE LEMAY

DEC 6 1983 - 10 25 AM

WRITER'S DIRECT DIAL NUMBER

750-3354

INTERSTATE COMMERCE COMMISSION

November 30, 1983

No. 3-340A081  
Date DEC 6 - 1983  
Fee \$ 50.00  
ICC Washington, D. C.

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Dear Secretary:

I have enclosed two original counterparts of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The enclosed document is a security agreement, a primary document, dated as of October 1, 1983.

The names and addresses of the parties to the documents are as follows:

Debtor: Interail, Inc., 125 East Lake Street, Bloomingdale, Illinois 60108;

Secured Party: Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60697.

Included in the property covered by the aforesaid security agreement are (1) railroad cars intended for use related to interstate commerce, or interests therein, owned by the Debtor at the date of said security agreement or thereafter acquired by it or its successors and (2) lease of railroad cars intended for use related to interstate commerce, or interests therein, entered into by the Debtor as lessor as at the date of said security agreement or thereafter entered into by the Debtor, as lessor.

A recording fee of \$50.00 is enclosed. Please return one of the original counterparts stamped with the recording information and any extra copies not needed at the Commission for recordation to me.

DEC 6 10 18 AM '83

RECEIVED

*Mary Ann Oster*  
*[Signature]*

**Interstate Commerce Commission**  
Washington, D.C. 20423

**12/6/83**

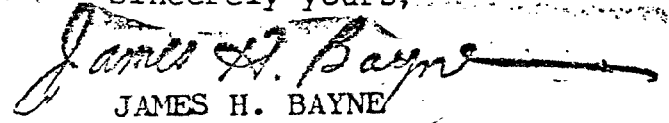
OFFICE OF THE SECRETARY

**William M. Engeln  
Mayer, Brown & Platt  
231 South LaSalle Street  
Chicago, Illinois 60604**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **12/6/83** at **10:25am** and assigned recordation number(s). **14208**

Sincerely yours,

  
**JAMES H. BAYNE**  
Secretary

Enclosure(s)

SE-30  
(7/79)

14208  
RECORDATION NO. .... Filed 1425

DEC 6 1983 - 10 25 AM

INTERSTATE COMMERCE COMMISSION

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AMENDED AND RESTATED SECURITY AGREEMENT

Dated as of October 1, 1983

FROM

INTERAIL, INC.

DEBTOR

TO

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO

SECURED PARTY

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## AMENDED AND RESTATED SECURITY AGREEMENT

THIS AMENDED AND RESTATED SECURITY AGREEMENT, dated as of October 1, 1983 (the "Security Agreement") from INTERAIL, INC., a Kansas corporation (the "Debtor"), whose post office address is 125 East Lake Street, Bloomingdale, Illinois 60108 (formerly located at 141 West Jackson Blvd., Chicago, Illinois 60604) to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Secured Party"), whose post office address is 231 South LaSalle Street, Chicago, Illinois 60697, Attention: Loan Division;

### R E C I T A L S:

WHEREAS, the Debtor, a wholly-owned subsidiary of Garvey International, Inc. ("Garvey"), and the Secured Party have entered into an Amended and Restated Credit Agreement dated as of October 1, 1983 (the "Credit Agreement") wherein subject to certain conditions precedent, the Secured Party has agreed to restructure the Existing Indebtedness (as defined in the Credit Agreement) of the Debtor to the Secured Party as a term loan (the "Term Loan") and pursuant to which the Secured Party has the right but not the obligation from time to time to make additional loans to the Debtor (collectively the "Supplemental Loans," individually a "Supplemental Loan" and, together with the Term Loan, "the Loan");

WHEREAS, the Debtor has used part of the proceeds of the Term Loan to purchase 445 covered hopper railroad cars, of which 436 are presently owned by the Debtor and are identified in Schedule A attached hereto (together with all additions thereto or replacements thereof, the "Equipment");

WHEREAS, the Debtor has acquired, as lessee, 349 additional railroad cars which are identified in Schedule B attached hereto (together with all additions thereto or replacements thereof, the "Leased Railcars");

WHEREAS, the Equipment and the Leased Railcars are leased by the Debtor as lessor to lessees (individually "Lessee" and collectively "Lessees") under leases (individually "Lease" and collectively "Leases"); the existing Leases are identified in Schedule C attached hereto;

WHEREAS, the Term Loan shall be evidenced by a promissory note of the Company (the "Term Note") and each Supplemental Loan shall be evidenced by a promissory note (individually a "Supplemental Note," and collectively the "Supplemental

Notes;" the Term Note and any Supplemental Note is herein sometimes called a "Note" and collectively the "Notes;" the Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at the time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement, or the Credit Agreement are hereinafter sometimes referred to as the "indebtedness hereby secured");

WHEREAS, pursuant to that certain Security Agreement dated as of October 1, 1979, as amended by that certain First Amendment to Security Agreement dated as of October 1, 1981, between the Debtor and the Secured Party, the Debtor granted the Secured Party a security interest in the Equipment and the Debtor's rights as lessor under the Leases of the Equipment;

WHEREAS, pursuant to the terms of the Credit Agreement, the Debtor and the Secured Party have agreed to reaffirm and continue the security interest of the Secured Party in the Equipment and the Debtor's rights as lessor under the Leases of the Equipment and to grant the Secured Party a security interest in certain additional collateral as hereinafter provided;

WHEREAS, the Credit Agreement provides for the execution and delivery of an Amended and Restated Security Agreement in the form of this Security Agreement;

WHEREAS, all of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

SECTION 1. GRANT OF SECURITY INTEREST. The Debtor, in consideration of the premises and of the sum of TEN DOLLARS received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions contained in the Notes, in this Security Agreement, and in the Credit Agreement, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1(a), (b), (c) and (d) hereof (all of which properties hereby

mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

(a) The Collateral includes the Equipment, whether such Equipment is in existence as of the date of this Security Agreement or is hereafter acquired, including, without limitation, the Equipment which is listed on Schedule A attached hereto plus all additions thereto and replacements thereof.

Except as otherwise specifically provided in this Section 1 and in Section 3 hereof, when and only when all payments under the Notes and as herein provided, shall have been paid and all the Debtor's obligations under the Notes and herein contained shall have been performed by the Debtor, absolute right to the possession of, title to and property in the Collateral shall pass to and vest in the Debtor without further transfer or action on the part of the Secured Party. However, the Secured Party, if so requested by the Debtor at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its interest therein to the Debtor, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Debtor, (b) execute and deliver to the Debtor for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Secured Party in the Collateral and (c) pay to the Debtor any money paid to the Secured Party pursuant to this Security Agreement and not theretofore applied as herein provided. The Debtor hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Debtor.

(b) The Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under any and all Leases, whether such Leases are existing as of the date of this Security Agreement or are hereafter entered into, including,

without limitation, the existing Leases which are listed in Schedule C attached hereto, and including all extensions of the respective terms of said Leases and any Leases which are hereafter entered into, together with all guarantees and other property securing the payment of or performance under any such Leases; all books and records relating to any of the foregoing; and all rights, powers, privileges, options and other benefits of the Debtor as lessor under said Leases, including, without limitation:

(1) the right, with respect to the Equipment, to receive and collect all installments of rent and Casualty Value (as defined in Section 12 hereof), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor, as lessor under the Leases,

(2) the right, with respect to the Leased Railcars, to receive and collect all installments of rent now or hereafter payable or receivable by the Debtor, as lessor under the Leases,

(3) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications, and

(4) the right, upon the occurrence of an Event of Default (as defined in Section 13 hereof) or an Unmatured Event of Default (as defined in Section 13 hereof), to take such action under the Leases, including, without limitation, the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by said Leases or by law, and to notify any Lessees to make payment to the Secured Party of any installments of rental and to enforce collection of any of the Leases by suit or otherwise and to release all or any part thereof or compromise or extend or renew for any period (whether or not longer than the original period) thereof, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Leases. The foregoing to the contrary notwithstanding, the Debtor agrees that, upon request of the Secured Party, at any time, whether before or after the maturity of the indebtedness hereby secured, the Debtor will, at its own expense, notify the Lessees under the Leases to make payment

of installments of rental to a lock box designated by the Secured Party. Any installments of rental so received in the lock box shall be deposited by the Secured Party in a cash collateral account and within a reasonable time shall be applied in payment of scheduled payments of principal and interest on the Notes as provided in Section 3(a) hereof.

Except as set forth in Section 1(b)(4) hereof, so long as no Event of Default (as defined in Section 13 hereof) or Unmatured Event of Default under Section 12.1.4 of the Credit Agreement shall have occurred and be continuing, the Debtor (a) may retain possession of and/or lease the Equipment and the Leased Railcars, (b) will at its own expense endeavor to collect as and when due the rentals due and payable under the Leases, including the taking of such action with respect to such collection as the Secured Party may reasonably request or, in the absence of such request, as the Debtor may deem advisable, and (c) will pursue all claims against manufacturers, sellers or lessors of the Equipment or the Leased Railcars, and the Secured Party will not exercise any other rights it may have under this Security Agreement.

(c) The Collateral also includes all rights, claims, causes of action, if any, which the Debtor may have against any manufacturer, seller or lessor or any Lessee of the Equipment or the Leased Railcars and proceeds of such rights, claims and causes of action.

(d) The Collateral also includes all proceeds (including all insurance proceeds) of any of the foregoing Collateral described in Sections 1(a), (b) or (c) hereof.

The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessees under the Leases, and (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, validity of which is being contested in good faith. The liens, claims and encumbrances identified in clauses (a) and (b) of this paragraph are hereinafter collectively referred to as the "Permitted Encumbrances".

SECTION 2. REPRESENTATIONS, WARRANTIES AND COVENANTS.  
The Debtor represents and warrants that:

(a) It has full title to the Equipment listed in Schedule A, is the lessee of the Leased Railcars listed



in Schedule B and is not in default as such lessee, is the lessor of the Equipment and the Leased Railcars under the Leases listed in Schedule C, and there are and will be no encumbrances, liens, or claims of any kind or character against the Equipment or its rights as lessor under the Leases except those of the Secured Party pursuant hereto, Permitted Encumbrances and those permitted by the Credit Agreement, and it has good right and lawful authority to transfer, convey, assign and mortgage the same, as of the date hereof.

(b) The Debtor will keep at all times all and every part of the Equipment and all of its rights as lessor under the Leases free and clear of all claims (except Permitted Encumbrances and those permitted by the Credit Agreement), liens or impositions which might in any way affect the title of the Secured Party or result in a lien upon any part of the Equipment or its rights under the Leases; provided, however, that the Debtor shall be under no obligation to pay any impositions where the nonpayment thereof does not, in the written opinion of the Secured Party, adversely affect the title, lien, property or rights of the Secured Party in or to the Equipment or under the Leases or otherwise under this Security Agreement. If any impositions for which the Debtor is liable as aforesaid shall have been charged or levied against the Secured Party, the Debtor shall reimburse the Secured Party upon presentation of an invoice therefor, and any amounts so paid by the Secured Party shall be secured by and under this Security Agreement.

(c) The Debtor has not made any pledge, mortgage, grant of security interest or assignment of the Equipment or its rights as lessor under the Leases except under this Security Agreement or except as permitted under the Credit Agreement. No financing statement or security agreement (other than any which may have been filed on behalf of the Secured Party or as permitted by the Credit Agreement) covering any of the Collateral is on file in any public office, and it will from time to time, on request of the Secured Party execute such financing statements and other documents (and pay the cost of filing or recording the same in all public offices deemed necessary by the Secured Party) and do such other acts and things, all as the Secured Party may request, to establish and maintain a valid perfected security interest in the Collateral (free of all other liens and claims whatsoever) to secure the payment of the indebtedness hereby secured, including without limitation, deposit with the Agent of any certificate

of title issuable with respect to any of the Collateral hereunder (and any carbon, photographic or other reproduction of this Agreement or of any such financing statement shall be sufficient for filing as a financing statement);

(d) The Debtor will not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein except with the prior written consent of the Secured Party;

(e) All information with respect to the Collateral and Leases set forth in any schedule, certificate or other writing at any time heretofore or hereafter furnished, by the Debtor to the Secured Party, and all other written information heretofore or hereafter furnished by the Debtor to the Secured Party, is and will be true and correct as of the date furnished.

SECTION 3. RELEASES OF COLLATERAL. As more fully set forth in Section 1(b) hereof the Debtor has hereby granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due under the Leases as security for the Notes and the other indebtedness hereby secured. After notice from the Secured Party to the Debtor requesting that Lessees make payment of rent under the Leases into a lock box designated by the Secured Party and so long as no Event of Default (as defined in Section 13 hereof) or Unmatured Event of Default under Section 12.1.4 of the Credit Agreement has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessees under the Leases of the installments of rent shall be applied, first, to the scheduled payments of principal and interest which are due and payable (and in each case first to interest and then to principal) on the Notes, and, second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor.

(b) The amounts received by the Secured Party which constitute payment by the Lessees of the "Casualty Value" of the Equipment pursuant to provisions of the Leases shall be applied, first, to the payment or prepayment of the entire principal of, and accrued and unpaid interest (and in each case first to principal and then to interest) on, the Notes, and, second, the balance, if any, of such amount shall promptly be released to or upon the order to the Debtor.

(c) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained in respect of the Equipment shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(1) So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if such Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of a certificate of an authorized officer of the Lessee to the effect that any damage to such Equipment in respect of which such proceeds were paid will be fully repaired.

(2) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding subparagraph (1) within 120 days from the receipt thereof by the Secured Party (unless the Lessee has informed the Secured Party that such Equipment is being repaired and, upon completion of such repairs, the Lessee expects to request the release of the insurance proceeds pursuant to subparagraph (1) of this Section 3(c)) or if within such period the Lessee shall have notified the Secured Party in writing that the Lease pursuant to which such Equipment is leased is to be terminated in respect of such Equipment, then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Notes all in the manner and to the extent provided for in the Credit Agreement; and

(B) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for in the preceding subparagraph (A) shall be released to or upon the order of the Debtor.

(d) In the event that the Debtor requests a release of the Collateral under circumstances set forth in Section 1(a) hereof, and the Debtor has complied with all provisions thereof, then, the Secured Party

shall release such Collateral from the lien of this Security Agreement and shall execute appropriate documents, all pursuant to said Section 1(a) hereof.

SECTION 4. REPORTS. Within 30 days after the end of each quarter of each fiscal year of the Company, commencing with the fiscal quarter ending March 31, 1983, the Debtor shall furnish to the Secured Party a certificate in substantially the form of Exhibit D attached hereto signed by a duly authorized officer of the Debtor and setting forth, among other things, all of the following: (a) the amount, description and identifying numbers of all units of the Equipment which are subject to the security interest hereunder as at the last day of such fiscal quarter, (b) the amount, description and identifying numbers of all units of the Equipment that have suffered a Casualty Occurrence (as defined in Section 12) during such fiscal quarter (or since the date of this Security Agreement in the case of the first such statement), (c) the amount, description and identifying numbers of any units of the Equipment that have been repaired and that are in use on the last day of such fiscal quarter, (d) a statement that, in the case of all Equipment repaired or repainted during the period covered by such statement, the identifying numbers and markings required by Section 15 hereof have been preserved or replaced, (e) a schedule identifying each Lease (including those Leases not previously so identified) subject to the security interest hereunder as at the last day of such fiscal quarter, and (f) a report of the items or amounts received by the Debtor in full or partial payment or otherwise as proceeds of the Collateral during the period covered by such certificate.

The Debtor shall, upon the occurrence of any change of a material nature, of which the Debtor has knowledge, in (i) the condition or state of repair of any unit or units of Equipment or (ii) in the identity or financial condition of any Lessee, forthwith furnish to the Secured Party a certificate signed by a duly authorized officer of the Debtor and setting forth the nature of such change.

The Debtor will from time to time, as the Secured Party may request, deliver to the Secured Party (i) such other information regarding the condition and state of repair of the Equipment as the Secured Party may reasonably request, (ii) such reports containing information concerning the Debtor, the Collateral and the Lessees as the Secured Party may from time to time reasonably request, and (iii) such additional schedules, certificates and reports respecting all or any of the Collateral at the time subject to the security interest hereunder, and the items or amounts received

by the Debtor in full or partial payment or otherwise as proceeds of the Collateral, all to such extent as the Secured Party may request. Any such schedule, certificate or report shall be executed by a duly authorized officer of the Debtor and shall be in such form and detail as the Secured Party may specify. Any such schedule identifying any Lease subject to the security interest hereunder shall be accompanied by a true and correct copy of each such Lease.

**SECTION 5. LOCATIONS OF RECORDS AND INSPECTIONS.** The Debtor will keep at its offices in Bloomingdale, Illinois, the originals of each Lease and its records concerning the Collateral, which records will be of such character as will enable the Secured Party or its designees to determine at any time the status thereof, and the Debtor will not, unless the Secured Party shall otherwise consent in writing, duplicate any such records at any other address.

The Debtor will permit the Secured Party and its designees, from time to time, to inspect the Equipment and to inspect, audit and make copies of and extracts from all records and all other papers in the possession of the Debtor, and will, upon request of the Secured Party, deliver to the Secured Party all of such records and papers which pertain to the Collateral and the Lessees.

**SECTION 6. COMPLIANCE WITH LAWS AND RULES.** During the term of this Security Agreement, the Debtor will comply, and will cause each Lessee under the Leases to comply at all times in all respects with all laws of the jurisdictions in which its operations involving the Equipment or the Leased Railcars may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment or the Leased Railcars, to the extent that such laws and rules affect the title, operation or use of the Equipment or the Leased Railcars, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment or the Leased Railcars, the Debtor shall use its best efforts to cause the Lessee to conform therewith, at its own expense; provided, however, that the Debtor may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Secured Party, adversely affect the property or rights of the Secured Party under this Security Agreement.

**SECTION 7. POSSESSION AND USE.** So long as no Event of

Default shall have occurred and be continuing, the Debtor and each Lessee under the Leases shall be entitled to the possession of the Equipment and the Leased Railcars and use the same in any lawful manner not inconsistent with this Agreement or with any policy of insurance on any of the Collateral; provided, however, that such possession and use of units of Equipment and Leased Railcars shall be upon the lines of railroads owned or operated by any railroad company operating only in the United States or Canada (and incidental use in Mexico) from and after delivery of the Equipment and the Leased Railcars by the Debtor to such Lessee, but only upon and subject to all the terms and conditions of this Security Agreement.

SECTION 8. MAINTENANCE. The Debtor shall at its own expense at all times maintain, or cause the Lessees to maintain, the Equipment and the Leased Railcars in good order and repair, excepting any loss or damage or destruction which is fully covered by proceeds of insurance.

SECTION 9. INSURANCE. The Debtor will at all times keep, or cause the Lessees to keep, the Collateral insured in such amounts and against risks customarily insured against by railroads in respect to similar equipment, and, in any event, comparable in amounts and against risks customarily insured against by railroads in respect of similar equipment owned by them, which policies shall provide that any loss thereunder shall be payable to the Secured Party as its interest may appear (and the Secured Party may apply any proceeds of such insurance which may be received by it toward payment of the indebtedness hereby secured, whether or not due, in the manner and to the extent provided for in the Credit Agreement) and such policies or certificates thereof shall, if the Secured Party so requests, be deposited with the Secured Party. The Secured Party shall not be liable for the payment of premiums and assessments under any insurance policy and such insurance shall be primary without right of contribution from any other insurance which is carried by the Secured Party to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Collateral.

SECTION 10. OTHER ENCUMBRANCES, ETC. The Debtor will not, except as permitted by the Credit Agreement or this Security Agreement, sell, loan, pledge, mortgage, lease, assign or otherwise dispose of, or create or suffer to be created any levies, liens or encumbrances on any of the Equipment or its rights under the Leases, or any interest therein, and the Debtor will from time to time cause to be

paid all liens, taxes, assessments and governmental charges lawfully levied, assessed or imposed upon the Equipment, the Leases or any interest therein; provided, however, that nothing herein contained shall be deemed to require any lien, tax, assessment, charge, claim or demand to be paid or discharged prior to the due date thereof, or so long as the validity thereof is being contested by the Debtor in good faith by appropriate proceedings, if (i) an adequate reserve with respect thereto is established and maintained in accordance with generally accepted accounting principles, and (ii) the lien, tax, assessment, charge, claim or demand is paid prior to the foreclosure of any lien which may have attached as security therefor. The Debtor will give the Secured Party notice of any attachment or judicial process affecting the Equipment or its interest as lessor under the Leases as soon as it has knowledge thereof.

SECTION 11. INDEMNITIES. The Debtor agrees to indemnify, protect and hold harmless the Secured Party and its respective agents, officers, directors and employees from and against all losses, costs, charges, expenses, damages, injuries, liabilities, claims, penalties, interest and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith (including, without limitation, attorneys fees and costs), arising out of or as the result of (a) the entering into or the performance of this Security Agreement, (b) the retention by the Secured Party of a security interest in, or security title to, the Equipment and the Leases, (c) the use, construction, operation, condition, repair, refurbishing, reconfiguration, purchase, delivery, storage or return of the Equipment or the Leased Railcars, (d) any accident in connection with the repair, refurbishing, reconfiguration, operation, use, condition, possession, storage or return of the Equipment or the Leased Railcars resulting in damage to property or injury or death to any person and (e) the transfer of title or any interest or right in, under or to the Equipment or the Leases by the Secured Party pursuant to any of the provisions of this Security Agreement.

The Debtor further agrees to indemnify, protect, and hold harmless the Secured Party and its respective agents, officers, directors and employees, from and against any and all losses, charges, expenses, liability, claims and demands, including royalty payments and any attorneys' fees and costs, in any manner imposed upon or accruing against the Debtor, its assigns or the Lessees because of the use in or about the construction or operation of the Equipment or the Leased Railcars of any design system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right.

This covenant of indemnity shall continue in full force and effect notwithstanding the full satisfaction of the Notes and the release of the security interest in the Equipment and the assignment of the Debtor's rights as lessor under the Leases and the conveyance of the security title to the Equipment to the Debtor, or the termination of this Security Agreement in any manner whatsoever.

The Secured Party shall give notice to the Debtor of any claim arising hereunder and the Debtor shall have the right to take up and defend any such claim.

The Debtor will bear the responsibility for and risk of and shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of the Equipment or the Leased Railcars.

SECTION 12. CASUALTY OCCURRENCE. In the event that any unit of the Equipment shall be worn out, lost, stolen, destroyed, or shall be irreparably damaged or otherwise rendered unsuitable or unfit for use from any cause whatsoever, or shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a stated period which exceeds the remaining term of this Security Agreement (such occurrences being hereinafter collectively called "Casualty Occurrences" and individually called a "Casualty Occurrence"), the Debtor shall promptly and fully inform the Secured Party in regard thereto (after it has knowledge of such Casualty Occurrence). The Debtor shall, on the next date for the payment of any indebtedness hereby secured or interest hereunder occurring more than 30 days after it has knowledge of such event, pay to the Secured Party a sum equal to the aggregate Casualty Value (as defined herein) of such unit of Equipment as of the date of such payment (which shall in no event be less than the casualty insurance payable in connection with such Casualty Occurrence plus any other amounts realized by the Debtor in connection with the disposition of such unit of Equipment) and shall file with the Secured Party a Valuation Certificate of an officer of the Debtor setting forth the Casualty Value as of the date of such payment of each unit of the Equipment suffering a Casualty Occurrence.

Any money paid to the Secured Party pursuant to the preceding paragraph of this Section 12 shall be applied (so long as no Event of Default shall have occurred and be continuing) to prepay the indebtedness hereby secured. The Casualty Value as of the date of such payment of the unit of Equipment suffering a Casualty Occurrence shall be deemed to be its depreciated value or settlement value, computed in



accordance with the guidelines of the Association of American Railroads, as of the date that the Debtor determines that such unit of Equipment suffered a Casualty Occurrence, but in no event less than the amount of casualty insurance payable in connection with such Casualty Occurrence plus any other amounts realized by the Debtor in connection with the disposition of such unit of Equipment.

In order to facilitate the sale or other disposition of the unit of Equipment suffering a Casualty Occurrence, the Secured Party shall, upon request of the Debtor, after payment by the Debtor of a sum equal to such portion of the Casualty Value of such Equipment for which payment shall not have been waived by the Secured Party, execute and deliver to the Debtor or the Debtor's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Security Agreement, in such form as may be reasonably requested by the Debtor.

SECTION 13. DEFAULT. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) any Event of Default under the Credit Agreement;

(b) failure by the Debtor to comply with any provision of this Security Agreement; or

(c) the Debtor shall make or suffer any unauthorized assignment or transfer of this Security Agreement or any interest herein or any unauthorized assignment or transfer of the right to possession of any Equipment or Leased Railcars or its rights as lessor under the Leases and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment or Leased Railcars (or make provision satisfactory to the Secured Party for such compliance) within 15 days after written notice from the Secured Party demanding such cancellation and recovery of possession.

The term "Unmatured Event of Default" for all purposes of this Security Agreement shall mean any event which, with the lapse of time or giving of notice or both, would constitute an Event of Default.

SECTION 14. REMEDIES, ETC. The Secured Party's rights to enforce the Collateral hereunder are subject to the foreclosure settlement provisions set forth in Section 8.3 of the Credit Agreement. The Secured Party agrees to notify the Debtor in writing of the maturity of the Notes (whether by acceleration or otherwise) and to delay exercising its rights hereunder for twenty (20) days after said notification and, following a Settlement Request (as defined in the Credit Agreement) by the Debtor within said twenty-day period, so long as all of the conditions set forth in said Section 8.3 of the Credit Agreement are satisfied by the Company, Garvey International, Inc. or Garvey Industries, Inc., as applicable. The Debtor agrees that when any Event of Default has occurred and is continuing, but subject always to the provisions hereof, the Secured Party may exercise from time to time any rights and remedies available to it under applicable law, including without limitation, the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), or otherwise available to it. Subject always to the rights of the Lessees under the Leases, the Debtor agrees, in case of an Event of Default, to assemble at its expense, all of the Collateral at a convenient place acceptable to the Secured Party and to pay all costs of the Secured Party of collection of all Notes and all other indebtedness hereby secured, and enforcement of rights hereunder, including reasonable attorneys' fees and legal expense, and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part. Without limiting the foregoing, upon an Event of Default, the Secured Party may, to the fullest extent permitted by applicable law, without notice, advertisement, hearing or process of law of any kind, exercise any one or more of all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) subject always to the rights of the Lessees under the Leases, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Equipment, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach

of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(b) subject always to the rights of the Lessees under the Leases, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Lessees once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Equipment, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Equipment or any part thereof). Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without notice, and the Secured Party or the holder or holders of the Note, or of any interest therein, may bid and become the purchaser at any such sale;

(c) subject always to the rights of the Lessees under the Leases, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable laws; and

(d) subject always to the rights of the Lessees under the Leases, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Leases, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

In case of any sale of the Equipment, or of any part thereof, pursuant to any judgment or decree or any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers of the Equipment, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any delay, stay or extension law now or at any time hereafter in force, nor claim, take or insist upon any benefit or advantage of or from any law now or hereinafter in force providing for the valuation or appraisal of the Equipment or any part thereof prior to any sale or sales thereof to be made pursuant to any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, the Debtor hereby expressly waives for itself and on behalf of each and every person, and except decree or judgment creditors of the Debtor acquiring any interest in or title to the Equipment or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its

successors or assigns (subject, however, to the then existing rights, if any, of the Lessees under the Leases).

The rentals, proceeds and/or avails of any lease or sale of the Equipment, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the indebtedness hereby secured in such order of application as the Secured Party may from time to time elect;

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

No delay on the part of the Secured Party in exercising any right, power or remedy shall operate as a waiver thereof nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise of any other right, power or remedy. All obligations of the Debtor and all rights, powers and remedies of the Secured Party expressed herein are in addition to all other rights, powers and remedies possessed by it, including, without limitation, those provided by applicable law or in the Credit Agreement nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 15. MARKING OF EQUIPMENT, FILING AND RECORDING, ETC. The Debtor will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in the Schedule A hereto, and will cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in

height, the words "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 11303" or the name of the Secured Party followed by the word "Owner", or other appropriate markings approved by the Secured Party with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Secured Party's interest in the Equipment and its rights under this Security Agreement. The Debtor will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Debtor will not change the identifying number of any unit of the Equipment except in accordance with a statement of new identifying number or numbers to be substituted therefor, which statement previously shall have been filed with the Secured Party by the Debtor and filed, recorded and deposited by the Debtor in all public offices where this Security Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Debtor will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Debtor may cause the Equipment to be lettered with the names or initials or other insignia of a Lessee or its affiliates.

The Debtor will, immediately upon execution, cause this Security Agreement, and any amendments or supplements hereto or thereto, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act; immediately upon the acquisition by the Debtor of additional units of Equipment, the Debtor will execute and cause to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act a supplement setting forth the amount, description and identifying numbers of such additional units of Equipment; immediately upon any change by the Debtor or any Lessee in the identifying numbers of any unit of Equipment as provided in the first paragraph of this Section 15, the Debtor will execute and cause to be filed with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act a statement setting forth the old identifying number or numbers and the new identifying number of numbers to be substituted therefore; and the Debtor will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Secured Party for the purpose of proper protection, to the satisfaction of counsel for the Secured Party, of its interest in the Equipment

and the Leases and its rights under this Security Agreement or for the purpose of carrying out the intention of this Security Agreement, including, without limitation, the execution and filing of UCC financing statements and related documents; and the Debtor will promptly furnish to the Secured Party certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Secured Party.

SECTION 16. CARE AND CUSTODY OF COLLATERAL. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if it takes such action for that purpose as the Debtor requests in writing, but failure of the Secured Party to comply with any such request shall not of itself be deemed a failure of the Secured Party to exercise reasonable care, and no failure of the Secured Party to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

SECTION 17. APPLICABLE STATE LAWS. Any provision of this Security Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by any Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Security Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Debtor to the full extent permitted by law, it being the intention of the parties hereto that this Security Agreement shall be deemed to be a Security Agreement and enforced as such.

Except as otherwise provided in this Security Agreement, the Debtor, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Secured Party's rights under this Security Agreement and any and all rights of redemption.

SECTION 18. SUCCESSORS AND ASSIGNS. Whenever any of the parties hereto or any Lessee is referred to, such reference shall be deemed to include the successors and assigns of such party or such Lessee; and all the covenants, promises

and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Nothing in this Section 18 shall be deemed to restrict the right of the Debtor or of any Lessee to assign or transfer its interest under the Security Agreement or its leasehold interest under such Lease respectively, in the Equipment or Leased Railcars or possession of the Equipment or Leased Railcars to any corporation (which shall have duly assumed in writing satisfactory to the Secured Party the obligations hereunder of the Debtor or Lessees) into or with which the Debtor or Lessee shall have become merged or consolidated, provided that such assignees, successors or transferees will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this Security Agreement or the Leases and that such merger or consolidation or acquisition shall not alter in any way the Debtor's obligations to the Secured Party or any Lessee's obligations to the Debtor which shall be and remain those of a principal and not a guarantor. The Debtor agrees to give the Secured Party prior written notice of any such merger or consolidation.

SECTION 19. PARTIAL INVALIDITY. Wherever possible each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Security Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Security Agreement.

SECTION 20. COMMUNICATIONS. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Secured Party:	Continental Illinois National Bank and Trust Company of Chicago 231 South LaSalle Street Chicago, Illinois 60697
	Attention: Loan Division



If to the Debtor:

Interail, Inc.  
125 East Lake Street  
Bloomington, Illinois 60108

Attention: Lita K. Jimenez

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

SECTION 21. GOVERNING LAW. This Security Agreement and the Notes have been delivered at Chicago, Illinois, and shall be construed in accordance with and governed by the laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable federal statute, rule or regulation.

SECTION 22. CONTINUING AGREEMENT. This Security Agreement shall in all respects be a continuing Security Agreement and shall remain in full force and effect until final payment in full of the indebtedness hereby secured.

SECTION 23. COUNTERPARTS. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

SECTION 24. HEADINGS. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

SECTION 25. DEFINED TERMS. The defined terms used in this Security Agreement shall have the respective meanings indicated herein unless elsewhere defined or the context shall otherwise require.

SECTION 26. REIMBURSEMENT FOR CERTAIN EXPENSES. The Secured Party may from time to time, at its option, perform any agreement of the Debtor hereunder which the Debtor shall fail to perform and take any other action which the Secured Party deems necessary for the maintenance or preservation of any of the Collateral or its interest therein, and the Debtor agrees to forthwith reimburse the Secured Party for all expenses of the Secured Party in connection with the foregoing, together with interest thereon at the post-maturity interest rate applicable to the Notes from the date insured until reimbursed by the Debtor.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed on its behalf by of its President and its corporate seal to be hereunto affixed, and said seal and this Security Agreement to be attested by its Secretary and the Secured Party has caused this Security Agreement to be executed on its behalf by one of its Vice Presidents and its corporate seal to be hereunto affixed, and said seal and this Security Agreement to be attested by one of its P.B. OFFICER, all as of the day and year first above written.

DEBTOR:

INTERAIL, INC.

By John H. Cowles  
Its President



Lita K. Jimenez  
Secretary

SECURED PARTY:

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO

By James R. McLaughlin  
Vice President

(Seal)

ATTEST:

[Signature]  
Its

STATE OF ILLINOIS     )  
                              )   SS  
COUNTY OF C O O K    )

On this 30th day of November, 1983, before me personally appeared John N. Cowles and Lita K. Jimenez, to me personally known, who being be me duly sworn, did say that they are the President and Secretary, respectively, of Interail, Inc. and that the foregoing instrument was signed and sealed by them in the respective capacities therein set forth on behalf of said corporation by authority of its board of directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Roxanne M. Manoganes  
Notary Public

My commission expires:

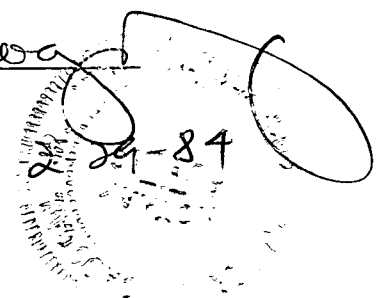


STATE OF ILLINOIS     )  
                              )   SS  
COUNTY OF C O O K    )

On this 30th day of November, 1983, before me appeared James R. McClamroch and C. J. LOCH, to me personally known, who being by me duly sworn, did say that they are the Vice President and P.B. OFFICER, respectively, of Continental Illinois National Bank and Trust Company of Chicago, and that the foregoing instrument was signed and sealed on behalf of said bank in the capacity therein set forth and is the free act and deed of said bank.

Walter W. Badger  
Notary Public

My commission expires:



SCHEDULE A

SCHEDULE OF EQUIPMENT

<u>Description</u>	<u>Quantity</u>	<u>Identifying Number</u>
100 Ton covered hoppers	25	RILX 100-124
100 Ton covered hoppers	100	RILX 3000-3099
100 Ton covered hoppers	92	NOKL 3100-3199*
100 Ton covered hoppers	100	NOKL 3200-3299
100 Ton covered hoppers	75	NOKL 3300-3374
100 Ton covered hoppers	44	NOKL 99105-99149**

\* Excluding NOKL 3101, 3124, 3157, 3158, 3166, 3167, 3188, 3194

\*\*Excluding NOKL 99117

# SCHEDULE B

## SCHEDULE OF LEASED RAILCARS

<u>Description</u>	<u>Quantity</u>	<u>Identifying Number</u>
70 Ton XL Box Car	150	NOKL 88000-149
100 Ton covered hopper	93	NOKL 99000-104*
<u>Cars leased from Evans Railcar Leasing Company on a Per Diem basis</u>		
100 Ton covered hopper	50 <sup>1</sup>	NOKL 3006, 3010, 3027, 3029, 3038, 3041, 3047, 3067, 3068, 3077, 3091, 3510, 3512, 3515, 3518, 3519, 3800, 3802, 3803, 3806, 3808, 3810, 3811, 3812, 3824, 3825, 3826, 3829, 3834, 3837, 3838, 3841, 3842, 3845, 3847, 3848, 3849, 3851, 3852, 3853, 3857, 3858, 3859, 3864, 3865, 3878, 3884, 3886, 3891, 3896
100 Ton covered hopper	56 <sup>2</sup>	NOKL 3701, 3703, 3705, 3706, 3708-10, 3712, 3713, 3717, 3719, 3720, 3723, 3724, 3726, 3727, 3729, 3730, 3733, 3734-36, 3738, 3740-41, 3744-47, 3749, 3750, 3752, 3758-63, 3766, 3768, 3772, 3774-76, 3778, 3783-88, 3790, 3791, 3795, 3797, 3799

\*Excluding 99004, 99008, 99057, 99060, 99061, 99064, 99066, 99067, 99068, 99069, 99073, 99082.

1 Original lease was for 58 cars, 8 cars have been returned to Evans at their request and have been restenciled to WSOR.

2 Original lease was for 98 cars, 42 cars have been returned to Evans at their request and have been restenciled to WSOR.

SCHEDULE C

SCHEDULE OF LEASES

Leasee: Illinois Central Gulf Railroad

Agreement Date: October 27, 1983

Term: 6 Months effective October 1, 1983, month-to-month thereafter

Delivery Date: October/November, 1983

Rental: \$200 Average per car, excess shared 50/50

Covering Number: NOKL 3006, 3010, 3027, 3029, 3038, 3041, 3047, 3067, 3068, 3077, 3091, 3510, 3512, 3515, 3518, 3519, 3800, 3802, 3803, 3806, 3808, 3810, 3811, 3812, 3824, 3825, 3826, 3829, 3834, 3837, 3838, 3841, 3842, 3845, 3847, 3848, 3849, 3851, 3852, 3853, 3857, 3858, 3859, 3864, 3865, 3878, 3884, 3886, 3891, 3896

Leasee: Illinois Central Gulf Railroad

Agreement Date: July 25, 1983

Term: 6 Months effective August 1, 1983, month-to-month thereafter

Delivery Date: August, 1983

Rental: Offline Mileage and Per Diem shared 68% to the Lessee, 32% to Lessor

Covering Number: NOKL 3100, 3103, 3105, 3108, 3109, 3111, 3117, 3126, 3127, 3131, 3132, 3135, 3136, 3137, 3140, 3142, 3147, 3148, 3150, 3155, 3156, 3163, 3164, 3169, 3173, 3174, 3184, 3185, 3186, 3199

SCHEDULE C

SCHEDULE OF LEASES

Leasee: Illinois Central Gulf Railroad

Agreement Date: August 26, 1983

Term: 6 Months effective October 1, 1983, month-to-month thereafter

Delivery Date: October, 1983

Rental: Earnings in excess of \$200/car shared 50/50

Covering Number: NOKL 3114-16, 3118, 3120, 3125, 3128-30, 3133, 3144, 3146, 3149, 3151, 3152, 3154, 3160-62, 3165, 3170, 3172, 3175-78, 3181, 3187, 3189, 3192, 3195, 3197, 3198, 99058, 99065, 99074, 99076, 99077, 99079-81, 99083-85, 99089, 99091, 99102, 99109, 99112, 99114

Leasee: Cargill, Inc

Agreement Date: November 1, 1979

Term: To July 1, 1985

Delivery Date: May 15, 1980

Rental: \$602.50/car/month

Covering Number: RILX 3000-3099

SCHEDULE C

SCHEDULE OF LEASES

Leasee: Canadian Pacific Railroad  
Agreement Date: December 3, 1983  
Term: 60 Day cancellation  
Delivery Date: May 30, 1979  
Rental: Per Diem and mileage up to first 55% of potential earnings  
Covering Number: NOKL 88000-88149

Leasee: Lynch Grain  
Agreement Date: December 1, 1979  
Term: 4 Years, 11 months from average delivery date  
Delivery Date: January 18, 1980  
Rental: Per Diem and mileage  
Covering Number: NOKL 99027, 29, 30, 34, 52, 59, 119, 128, 134, 135



SCHEDULE C

SCHEDULE OF LEASES

Leasee: J. Lynch and Company

Agreement Date: Lease dated December 1, 1979, Schedule 2 dated Sept. 10, 1980

Term: 5 years

Delivery Date: November 28, 1980

Rental: \$547.75

Covering Number: RILX 100-124

Leasee: Missouri-Kansas-Texas Railroad Co.

Agreement Date: September 9, 1980

Term: 10 Years from average delivery date

Delivery Date: November 26, 1980

Rental: Per Diem and mileage less up to 120 hours reclaim per month

Covering Numbers: NOKL 3250-3299

SCHEDULE C

SCHEDULE OF LEASES

Leasee: Missouri-Kansas-Texas Railroad Company

Agreement Date: Schedule 2 dated 11/21/80 to lease dated 9/9/80

Term: To December 15, 1985

Delivery Date: June 23, 1981

Rental: Guarantee of 37,200 with earnings above 45,111 being shared 60% to Interail, 40% to MKT

Covering Number: NOKL 3200-3249, 3300-3374, 99000-003, 99005-007, 99009-026, 99028, 99031-033, 99035-056, 99105, 99107-108, 99110, 99113, 99115-16, 99118, 99120, 99122-123, 99131-133, 99136-142, 99145-147, 99149

Leasee: Burlington Northern/MTY Company

Agreement Date: August 27, 1983

Term: 10 Days notice

Delivery Date: September, 1983

Rental: 80% If per diem and mileage less up to 10 days reclaim

Covering Number: NOKL 3102, 3104, 3106, 3107, 3110, 3112, 3113, 3119, 3121, 3122, 3123, 3134, 3138, 3139, 3141, 3143, 3145, 3153, 3159, 3168, 3171, 3179, 3180, 3182, 3183, 3190, 3191, 3193, 3196, 99062, 99063, 99070, 99071, 99072, 99075, 99078, 99080, 99086, 99087, 99088, 99096, 99098, 99100, 99101, 99103, 99121, 99125, 99127, 99129, 99130, 99143, 99144, 99148

SCHEDULE C

SCHEDULE OF LEASES

Leasee: Union Pacific/MTY Company

Agreement Date: October 17, 1983

Term: 10 Days notice

Delivery Date: October, 1983

Rental: 80% of Per diem and mileage

Covering Number: NOKL 3705, 3706, 3708, 3710, 3712, 3713, 3717, 3719, 3724, 3734, 3735, 3744, 3746, 3747, 3749, 3752, 3758-62, 3766, 3772, 3775, 3783, 3784, 3786, 3795, 3799

Leasee: Kyle Railways

Agreement Date: June 3, 1982

Term: Month-to-month

Delivery Date: February, 1982

Rental: 70% of Offline revenues

Covering Number: NOKL 3701, 3703, 3709, 3720, 3723, 3726-30, 3736, 3738, 3740, 3741, 3745, 3750, 3763, 3768, 3774, 3776, 3778, 3785, 3787, 3788, 3790, 3791, 3797

SCHEDULE C

SCHEDULE OF LEASES

Leasee:	Iowa Northern Railroad Company
Agreement Date:	July 6, 1983
Term:	15 Days notice of termination
Delivery Date:	March, 1983
Rental:	77.5% of offline earning
Covering Number:	NOKL 99090, 99092-95, 99097, 99099, 99104, 99106, 99111

SCHEDULE D  
QUARTERLY COLLATERAL REPORT

(a) Amount, description and identifying numbers of all units of Equipment:

<u>Quantity</u>	<u>Description</u>	<u>Identifying Numbers</u>
25	100 Ton Covered Hoppers	RILX 100-124
100	"	RILX 3000-3099
92	"	NOKL 3100-3199*
100	"	NOKL 3200-3299
75	"	NOKL 3300-3374
137	"	NOKL 99000-99149**
150	70 Ton XL Box Car	NOKL 88000-88149
106	100 Ton Covered Hoppers	NOKL 3006, 3010, 3027, 3029, 3038, 3041, 3047, 3067, 3068, 3077, 3091, 3510, 3512, 3515, 3518, 3519, 3701, 3703, 3705, 3706, 3708-10, 3712, 3713, 3717, 3719, 3720, 3723, 3724, 3726, 3727, 3729, 3730, 3733, 3734-36, 3738, 3740-41, 3744-47, 3749, 3750, 3752, 3758-63, 3766, 3768, 3772, 3774-76, 3778, 3783-88, 3790, 3791, 3795, 3797, 3799, 3800, 3802, 3803, 3806, 3808, 3810-12, 3824-26, 3829, 3834, 3837, 3838, 3841, 3842, 3845, 3847-49, 3851-53, 3857-59, 3864, 3865, 3878, 3884, 3886, 3891, 3896

\*Excluding 3101, 3124, 3157, 3158, 3166, 3167, 3188, 3194

\*\*Excluding 99004, 99008, 99057, 99060, 99061, 99064, 99066-69, 99073, 99082, 99117

(b) Amount, Description and Identifying numbers of all units of Equipment that have suffered a Casualty Occurrence during fiscal quarter ending \_\_\_\_\_  
Car Number

(c) Amount, Description and Identifying Numbers of any units of Equipment specified in (b) above that have been repaired:

(d) Identifying Numbers and markings required by Section 15 hereof have been preserved or replaced on all cars repaired or repainted during the quarter ending \_\_\_\_\_

(e) Schedule of Leases:

<u>Quantity</u>	<u>Lessee</u>	<u>Add</u>	<u>Expiration Date</u>
50	Illinois Central Gulf RR	10/83	5/84
30	"	8/83	2/84
50	"	10/83	5/84
100	Cargill, Inc.	5/80	7/85
150	Canadian Pacific RR	5/79	60 Day Cancellation
10	J. Lynch & Co.	1/80	12/84
25	"	11/80	11/85
50	Missouri Kansas & Texas RR	11/80	12/90
200	"	6/81	12/15/85
54	Burlington Northern	9/83	10 Days Notice
29	Union Pacific	10/83	10 Days Notice
27	Kyle Railways	2/82	Month to Month
10	Iowa Northern Railroad	3/83	15 Days Notice

(f) Items or amounts received by the Debtor in full or partial payment or otherwise as proceeds of the Collateral, excluding rental payments during the quarter ending \_\_\_\_\_